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SECURITY INFORMATION

## CENTRAL INTELLIGENCE AGENCY

Office of Research and Reports

7 January 1952

INTELLIGENCE MEMORANDUM NO. 363

SUBJECT: Yugoslav Emphasis on Importing Agricultural Tractors

The Yugoslav government in the past 6 to 12 months has indicated a desire to import, as soon as possible, agricultural tractors and spare parts, which would be used to recondition idle tractors, totaling approximately 4,600 units.\* All of the tractors obtained will be allocated exclusively to the collective and state farms. The government believes that mechanization is the basic means of increasing present crop yields per hectare and that increased production per unit of area would tend to increase the standard of living of those peasants working on such areas of land. Recent speeches by Tito, Kidric, and Todorovich have stressed the importance of collectivization, as well as the benefits of mechanized agriculture which would accrue to all farmers joining collectives, and a new campaign has been launched to make the collective farm so attractive that the independent peasant will "voluntarily" join the movement.

The estimates of the Yugoslav tractor inventory over a period of several years have ranged from 6,000 to 7,000 units, but there probably have never been more than about 3,500 tractors in operating condition at any one time. Currently, only about 2,500 units probably are usable. Should the planned imports of tractors and spare parts be obtained, the inventory of usable tractors

<u>* Loan Requests</u>	<u>Units</u>
International Bank for Reconstruction and Development (IBRD)	590
ECA	1,000
IBRD, ECA	855 (placed into operation by using money allotted for spare parts)
Yugoslav Government Purchases	2,190
Total	4,635

Complementary equipment also has been requested.

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would increase by 184 percent, or to 7,100 tractors, within possibly a 12- to 18-month period. This estimate does not include the domestic production of tractors, which has been estimated to be as high as 400 to 600 units a year. As 1951 was the first year of production, however, it is believed that 250 units a year would be a more realistic estimate of domestic production under present operations.

It is doubtful, however, that the Yugoslavs could provide at this time proper maintenance for a total of 7,100 tractors. Lack of technical knowledge and proper maintenance, as well as proper skill in the use of tractors, have been stumbling blocks in the past, and, in addition, the lack of spare parts has necessitated cannibalization of some tractors and has forced others to remain idle. There are only 23 agricultural machinery repair stations in existence. Thus, even if the tractors were evenly distributed, each station would have to take care of 308 tractors.

Although the Yugoslav government at the present time has relaxed some of its discriminatory measures against independent farmers, the original plan to consolidate all farm holdings into mechanized collectives has not been set aside. An influx of new tractors and spare parts that would increase the usable tractor inventory by 184 percent might be the basis for a new drive to collectivize more peasant holdings in the near future. The ratio of collectivization, however, would not necessarily be in proportion to the number of tractors and equipment imported. From 3,000 to 3,500 usable tractors were required between 1947 and 1949 to collectivize approximately 22 percent of the arable land.

Seventy percent of the total arable land and 50 percent of the arable land in the major grain-producing areas of Yugoslavia are controlled by private farmers, and the production of these private farms still determines the surplus or deficit grain position of the country. However, the incentive of the peasant landholders to produce has been weakened by various discriminations such as lack of consumer goods, inability to obtain sufficient labor during the sowing and harvesting seasons, lower prices paid for compulsory deliveries of produce, higher taxation, and discrimination in the distribution of fertilizers and improved seed. The US Agricultural Attache in Yugoslavia has estimated that as a result of the peasants' passive resistance, 1950 yields decreased as much as 10 percent over and above the damage caused by the drought. In the major grain surplus-producing areas of Vojvodina and Eastern Croatia, where more than 50 percent of the arable land is in private hands, the use of machines on a co-operative basis during the sowing and harvesting season would be advantageous. Private farmers, however, are not permitted to make use of the tractors and other machinery assigned to the collective and state farms, and the present small size of independent farms makes individual private ownership of a tractor and tractor equipment uneconomic.

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Some of the benefits that the Yugoslav government might realize from mechanization of agriculture are as follows:

1. Increased Quantities of Marketable Food Grains from the Collectives.

Assuming that the tractors eventually will replace animal draft on the collective farms, a considerable feed-grain acreage would be released for planting to food grains. The surplus production over and above the needs of the collectives could be marketed. This development, however, could not be realized within a short period.

2. Increased Profits to Collective Farmers If Operated on a Profit-sharing Basis.

At present, much of the grain and other food produced by the collective is consumed on the farm. By increasing the amount of foodstuffs, primarily grain, that can be sold by the collective, the total profits should increase, and the individual members should benefit proportionally.

3. Strengthening of the Collectivized Sector.

The collectivized sector of the economy would be strengthened to some extent by (a) the raising of the standard of living of collective farmers by increasing marketable quantities of produce; (b) a relative reduction of labor required on the collective farms as compared with the needs of private farms, thereby lowering the labor cost per unit of production on the collective farms; and (c) the psychological effect of new tractors upon the private farmers.

There are serious hindrances to the full realization of these expected benefits. The insufficient number of trained tractor drivers and qualified maintenance personnel presents a major problem, and, as a result, many tractors probably would remain idle, thereby contributing nothing to the improvement of the agricultural economy. This problem would be more acute in the case of crawler-type tractors, which require more skill in handling and maintenance than do wheel tractors.

In summary, because of the inability to provide proper maintenance and because of a lack of trained tractor drivers, it is doubtful that the Yugoslav government could fully utilize more than one-half of the tractors requested if they are received within a 12- to 18-month period. Furthermore, the tractors would be used entirely to benefit collectivization, and even then the full realization of the expected benefits to collectivization would not be achieved. Regardless of the benefits to collectivization, the individual Yugoslav farm owner would not benefit unless he joined the collectivization movement.

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